

1 IN THE UNITED STATES BANKRUPTCY COURT

2 FOR THE SOUTHERN DISTRICT OF TEXAS

3 HOUSTON DIVISION

4 IN RE: § CASE NO. 20-35029-7
5 THOMAS CALVERT SCOTT AND § JOINTLY ADMINISTERED
TAMMI LYNN SCOTT, § HOUSTON, TEXAS
6 § TUESDAY,
§ NOVEMBER 24, 2020
7 DEBTORS. § 11:09 A.M. TO 11:53 A.M.

8 341 MEETING OF CREDITORS (VIA ZOOM)

9 CONDUCTED BY ALICIA BARCOMB
10 TRIAL ATTORNEY FOR THE UNITED STATES TRUSTEE

11 APPEARANCES (VIA ZOOM):

12 FOR THE US TRUSTEE: OFFICE OF THE US TRUSTEE
Alicia Lenae Barcomb, Esq.
13 515 Rusk Street
Ste. 3516
14 Houston, TX 77002
713-718-4650

15
16 FOR THE DEBTOR: BAKER & ASSOCIATES, LLP
Reese W. Baker, Esq.
17 950 Echo Lane, Ste 300
Houston, TX 77024
18 713-869-9200

19
20 TRANSCRIPTION SERVICE BY:

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1 HOUSTON, TEXAS; TUESDAY, NOVEMBER 24, 2020; 11:09 A.M.

2 MS. BARCOMB: Good morning, my name is Alicia
3 Barcomb and I am a trial attorney with the United States
4 Trustee's Office. Today is Tuesday, November 24th, 2020 at
5 11:09 a.m.

6 This is the 341 meeting for Thomas and Tammi
7 Scott, Case No. 20-35029. This case is jointly administered
8 with Case No. 20-35098, Maui Lifted Jeep Rentals.

9 And for the Record, this matter is being digitally
10 recorded and all parties are appearing by phone.

11 Mr. Scott, could you please identify yourself for
12 the Record?

13 MR. SCOTT: Yes, ma'am. This is Thomas Scott.

14 MS. BARCOMB: And Mrs. Scott, can you please
15 identify yourself for the Record?

16 MRS. SCOTT: This is Tammi Scott.

17 MS. BARCOMB: Thank you, Ms. Scott. And would the
18 Debtor's Counsel please identify yourself.

19 MR. BAKER: Reese Baker.

20 MS. BARCOMB: Thank you, Mr. Baker.

21 Mr. Scott, will you also be appearing as the
22 Debtor's representative for Maui Lifted Jeep Rentals?

23 MR. SCOTT: I will, yes, ma'am.

24 MS. BARCOMB: Thank you.

25 Okay and I do need to administer an oath to both

1 of you. So I'll start with Mr. Scott.

2 (Mr. Scott sworn.)

3 MR. SCOTT: I do.

4 MS. BARCOMB: Thank you.

5 (Mrs. Scott sworn.)

6 MRS. SCOTT: Yes. I will.

7 MS. BARCOMB: Thank you.

8 All right, so for the individual case, ordinarily
9 I would have the opportunity to review your driver's license
10 or photo id and your social security card.

11 Because I am not able to do that, I will confirm
12 with your counsel, Mr. Baker.

13 Mr. Baker, have you reviewed Mr. and Mrs. Scott's
14 driver's license or ID cards?

15 MR. BAKER: Yes, I have.

16 MS. BARCOMB: Do they bear a true and correct
17 likeness to the Debtors?

18 MR. BAKER: They appear to, yes.

19 MS. BARCOMB: Okay. And Mr. Baker, have you
20 reviewed the Debtor's social security cards?

21 MR. BAKER: Yes.

22 MS. BARCOMB: And do the numbers on those cards
23 match the last four on the petition?

24 MR. BAKER: Yes, they do.

25 MS. BARCOMB: Okay, thank you.

1 All right. So, Mr. Scott, just going to ask you
2 some preliminary questions here. Are you currently
3 employed?

4 MR. SCOTT: I am, yes, ma'am.

5 MS. BARCOMB: And how are you employed?

6 MR. SCOTT: I'm employed with Maui Lifted Jeep
7 Rentals.

8 MS. BARCOMB: Okay. And what's your position.

9 MR. SCOTT: I'm the -- I'm really the general
10 manager. I do all the social media stuff, the advertising,
11 all that kind of stuff.

12 MS. BARCOMB: Okay. Do you have any other sources
13 of income?

14 MR. SCOTT: Not at this time, no, ma'am. But I am
15 currently looking for another position as well.

16 MS. BARCOMB: Okay. And what type of work are you
17 looking for?

18 MR. SCOTT: I spent my whole life in the car
19 business before I got to -- before we left and moved to Maui
20 open up companies. So I've got 15 year' experience in auto
21 sales.

22 MS. BARCOMB: Is that the type of work you're
23 looking for something possibly in auto sales?

24 MR. SCOTT: It is, yes, ma'am. I'm also expanding
25 that at this point because auto sales are down very much

1 right now. There's not a lot of hiring going on in that
2 area. So I'm expanding out to other sales avenues that I
3 can qualify for.

4 MS. BARCOMB: Okay. And Mrs. Scott, are you
5 currently employed?

6 MRS. SCOTT: I am through Maui Lifted Jeep
7 Rentals.

8 MS. BARCOMB: Okay, and what is your position?

9 MRS. SCOTT: I do like the back office filing,
10 that sort of thing, answering phone calls when necessary.

11 MS. BARCOMB: Okay, do you have any other sources
12 of income?

13 MRS. SCOTT: I have been doing Instacart grocery
14 delivery.

15 MS. BARCOMB: Okay. How long have you been, I'll
16 say, working with Instacart?

17 MRS. SCOTT: Probably about eight to nine weeks
18 now. A couple months.

19 MS. BARCOMB: Is that income steady or do you see
20 like some fluctuations?

21 MRS. SCOTT: I'm sorry, can you repeat that
22 question?

23 MS. BARCOMB: Sure. I said is that income steady
24 or do you see some fluctuations?

25 MRS. SCOTT: Oh, there's fluctuation, yes, ma'am.

1 MS. BARCOMB: Okay. All right. Okay, regarding
2 Maui Lifted Jeep Rentals, does it have any other employees?

3 MR. SCOTT: It does, yes, ma'am. Spencer Wright
4 is on island. He's my -- he's the guy that does all the
5 rentals and stuff right there on the island. We're in Texas
6 ourselves.

7 MS. BARCOMB: Okay. So just the one employee?

8 MR. SCOTT: One employee. We are looking to hire
9 a car washer, so we might be adding one here shortly. But
10 apparently there's one additional.

11 MS. BARCOMB: Okay, I think you said his name was
12 Spencer Wright; is that correct?

13 MR. SCOTT: That is correct, W-R-I-G-H-T.

14 MS. BARCOMB: Okay. Is Mr. Wright a W-2 or a
15 contract employee?

16 MR. SCOTT: W-2.

17 MS. BARCOMB: Okay. Prior to the filing of the
18 Maui case, was that Debtor current on its employee wage
19 obligations?

20 MR. SCOTT: Yes, ma'am. We didn't have wage
21 obligations before that point.

22 MS. BARCOMB: Okay. And considering the time
23 since the petition was filed, is Maui -- when I say Maui I
24 am referring to, of course, Maui Lifted Jeep Rentals. Is
25 Maui current on its post-petition employee withholding

1 taxes?

2 MR. SCOTT: Yes, ma'am.

3 MS. BARCOMB: So it kind of sounds like that --

4 MR. BAKER: Alicia?

5 MS. BARCOMB: Sure.

6 MR. BAKER: Yeah, it just kind of for a summary.

7 You know, Hawaii closed down. They were over running the
8 business. Left Hawaii, came back here and it was shut down
9 for I don't know five or six months until October 17.

10 MR. SCOTT: Seven.

11 MR. BAKER: And yeah, so realistically, nothing --
12 I think correct me on this -- but I don't think anything
13 really happened. There was some very minor, minor stuff
14 with the business until Hawaii reopened.

15 MS. BARCOMB: Thanks.

16 MR. BAKER: Is that correct?

17 MR. SCOTT: That's correct, Reese. We had a
18 couple locals every now and then maybe once a week that
19 rented Jeep for 100 to 200 bucks for a couple days. So that
20 was it. So he was there to kind of babysit that part of it.
21 And he also owns a jeep lot on island, so we kind of put our
22 stuff together so he could cancel his lot and all that stuff
23 and he put his jeeps in our lot. We kind, you know, he was
24 helping us out earlier doing that kind of stuff, so.

25 MS. BARCOMB: Okay, thank you. That was going to

1 me next, I guess, line of questioning.

2 So did Mr. Wright earn any wages prior to the
3 filing?

4 MR. SCOTT: He did not, no, ma'am.

5 MS. BARCOMB: Okay. Is he now earning employee
6 wages?

7 MR. SCOTT: He is, yes, ma'am. As of
8 October 15th. When his company opened up he put everybody
9 back on payroll.

10 MS. BARCOMB: Okay. Does he earn an hourly wage
11 or a salary?

12 MR. SCOTT: Salary.

13 MS. BARCOMB: Did you say hourly?

14 MR. SCOTT: Salary, \$2500 a month.

15 MS. BARCOMB: Okay. Sorry. Okay.

16 All right, so what caused the filing of these
17 bankruptcies?

18 MR. SCOTT: So like Mr. Baker just said, you know,
19 with the companies in Hawaii, in the middle of March at some
20 point -- I want to say it was around the 14th or so --
21 Hawaii shut down tourism completely, basically.

22 They said that nobody could come without a 14-day
23 quarantine when they land on the island. So, you know,
24 vacationers won't come before because they're going to for
25 seven to 10 days typically. So tourism dropped

1 95-99 percent over the last seven months.

2 It is back as of October 15th with a negative
3 COVID test. So within three days of arrival as long as you
4 have a negative COVID test, you can show up. But a lot of
5 people are kind of getting, you know, messed up and they're
6 making a lot plans and then somebody in the family come up
7 with COVID, and they can't come.

8 So it's -- you know, I think I saw, the last I saw
9 was the island is back up to 20 to 25 percent capacity right
10 now. And lucky for us, you know, we're a local company.
11 So, you know, people right now are buying homes so they're
12 buying for us instead of enterprise, I think. So, we've had
13 a decent come back. We're pretty sure we're going to make
14 it just fine.

15 MS. BARCOMB: Okay. All right. And what has been
16 your understanding of how you-all will exit this bankruptcy?

17 MR. SCOTT: So I believe we're going to, you know,
18 be renegotiating the debts on the Jeeps. The evaluations,
19 you know, coming together with a new plan. And then we're
20 going to, you know, right about the time we had this thing
21 out of plan is, you know, we've got the vaccine coming up,
22 so we expect that Hawaii is going to go back to full force
23 within the next six to 12 months. You know, it may be nine
24 to 12 months at the most.

25 So I think our plan that we're going to come up

1 with is going to work very well. You know, we'll lower our
2 expenses just a little bit and I think we'll do great.

3 MS. BARCOMB: Okay. And I believe you said that
4 you and Mrs. Scott moved from Hawaii to Texas. When did
5 that happen?

6 MR. SCOTT: It was May 8th. It was when we ran
7 out of money. So, we had to come home. We came home, we
8 lived with family and, you know, we came back with nine
9 suitcases with us. Sold all our possessions. We really had
10 nothing. Like we had no money, we had no possessions, we
11 had nine suitcases' worth of clothes for me and my wife and
12 my son. And that was May 8th.

13 MS. BARCOMB: Okay. And you mentioned selling
14 everything before you moved here. Did you-all own a house
15 in Hawaii?

16 MR. SCOTT: We didn't own a house, no, ma'am.
17 They are way too expensive. That scared me a lot. The
18 Florida condo thing in Hawaii, I just feel like the real
19 estate was bound to bust and it's like it probably is right
20 now.

21 So we didn't own a house, but you know our
22 furniture, we had a couch, we had a couple beds. You know,
23 we had the TV. You know everything that was inside the
24 house basically, pots and pans, we just had to liquidate
25 everything to get off island.

1 MS. BARCOMB: Okay, were you-all renting the place
2 where you-all were living?

3 MR. SCOTT: We were, yes, ma'am.

4 MS. BARCOMB: Okay. Are you currently still
5 residing with family?

6 MR. SCOTT: No, ma'am. We have our own house now.
7 It was fully furnished. When we got back, it was a perfect
8 place for us.

9 MS. BARCOMB: Okay. So, you had a rental in
10 Hawaii and now you're living in a rental in Texas; is that
11 correct?

12 MR. SCOTT: That's correct, yes, ma'am.

13 MS. BARCOMB: Okay. All right. Okay, so I'm
14 going to ask you just a few questions about the petition
15 that was filed in both cases, the Schedules that were filed,
16 and the Statements of Financial Affairs.

17 Do you-all have access to those documents?

18 MR. SCOTT: I have both files. I don't have my
19 financial affairs paperwork in front of me, but I do have
20 both Schedules.

21 MS. BARCOMB: Okay. So, let me look at --
22 Mr. Baker, I did want to ask you one question about the
23 individual bankruptcy. Did you intend to re-amend the
24 petition to add Ms. Scott or? I know that that amended
25 petition was struck. Were you going to file another one or

1 just leave it as the Court's Order granting that motion?

2 MR. BAKER: Yeah, I guess we probably ought to
3 amend the petition. I hadn't thought about that because
4 we'd done it -- we'll go on and get an amended petition on
5 file.

6 MS. BARCOMB: Okay. Thank you.

7 MR. BAKER: I have the documents.

8 MS. BARCOMB: Okay. So, Mr. Scott, the petition
9 that I have in your individual case only bears your
10 signature on it, so I'm just going to ask some questions
11 about this document first.

12 And I believe, is that also true of the business?
13 No, Mrs. Scott, you signed the business petition; is that
14 right?

15 MR. SCOTT: I believe she signed it, yes, ma'am.

16 MS. BARCOMB: Okay, excellent. All right, so
17 we'll start with Mr. Scott, I'm going to ask you some
18 questions about the individual case first.

19 Mr. Scott, did you sign the Petition, Schedules,
20 Statements and related documents? And is the signature your
21 own?

22 MR. SCOTT: Yes, ma'am.

23 MS. BARCOMB: Did you read the Petition,
24 Schedules, Statements and related documents before you
25 signed them?

1 MR. SCOTT: I did, yes, ma'am.

2 MS. BARCOMB: Are you personally familiar with the
3 information contained in the Petition, Schedules, Statements
4 and related documents?

5 MR. SCOTT: Yes, ma'am.

6 MS. BARCOMB: To the best of your knowledge, is
7 the information contained in the Petition, Schedules,
8 Statements and related documents true and correct?

9 MR. SCOTT: Yes, ma'am.

10 MS. BARCOMB: Are there any errors or omissions to
11 bring to my attention at this time?

12 MR. SCOTT: Not to my knowledge.

13 MS. BARCOMB: Okay. Are all of your assets
14 identified on the Schedules?

15 MR. SCOTT: Yes, ma'am.

16 MS. BARCOMB: Did you list all of your creditors
17 on the Schedules?

18 MR. SCOTT: Yes, ma'am.

19 MS. BARCOMB: And have you previously filed
20 bankruptcy?

21 MR. SCOTT: I have, yes, ma'am. Maybe -- I think
22 I filed a Petition somewhere -- I think it's like 12, 14
23 years ago possibly, a Chapter 7 personally.

24 MS. BARCOMB: Okay. I show a 2008 case. Does
25 that sound correct?

1 MR. SCOTT: Yes, ma'am.

2 MS. BARCOMB: Okay. And you said that was a
3 Chapter 7 case?

4 MR. SCOTT: That's correct.

5 MS. BARCOMB: Okay, and did you receive a
6 discharge in that case?

7 MR. SCOTT: I did, yes, ma'am.

8 MS. BARCOMB: Did you and your wife file jointly
9 or did you just file on your own?

10 MR. SCOTT: It was from a previous divorce, so she
11 was not involved yet.

12 MS. BARCOMB: Okay. I understand.

13 MR. SCOTT: She was not in it.

14 MS. BARCOMB: Okay. All right and then -- okay,
15 so Mrs. Scott, if I recall correctly on the Schedules, you
16 signed the Schedules in the individual -- when I say
17 individual, I mean you-all's personal case.

18 And then it looks like you also signed the
19 Schedules for Maui. Is that your understanding, Mrs. Scott?

20 MRS. SCOTT: Yes.

21 MS. BARCOMB: Okay. So when I ask you these
22 questions, I'm referring to those two documents
23 collectively, okay?

24 MRS. SCOTT: Okay.

25 MS. BARCOMB: Okay. You're going to get the same

1 questions. Here we go.

2 Mrs. Scott, did you sign the Petition in the Maui
3 case, the Schedules, Statements and related documents in
4 both cases? And is the signature your own?

5 MRS. SCOTT: Yes.

6 MS. BARCOMB: Did you read the Petition,
7 Schedules, Statements and related documents before you
8 signed them?

9 MRS. SCOTT: Yes.

10 MS. BARCOMB: Are you personally familiar with the
11 information contained in the Petition, Schedules, Statements
12 and related documents?

13 MRS. SCOTT: Yes.

14 MS. BARCOMB: To the best of your knowledge, is
15 the information contained in the Petition, Schedules,
16 Statements and related documents true and correct?

17 MRS. SCOTT: Yes.

18 MS. BARCOMB: Are there any errors or omissions to
19 bring to my attention at this time?

20 MRS. SCOTT: Not to my knowledge, not at this
21 time.

22 MS. BARCOMB: Okay. Are all of Maui's assets
23 identified on the Schedules?

24 MRS. SCOTT: Yes.

25 MS. BARCOMB: Did Maui list all of it's creditors

1 on the Schedules?

2 MRS. SCOTT: Yes.

3 MS. BARCOMB: And have you personally filed
4 bankruptcy before?

5 MRS. SCOTT: No.

6 MS. BARCOMB: Okay. Has Maui previously filed
7 bankruptcy?

8 MRS. SCOTT: No.

9 MS. BARCOMB: Okay, thank you.

10 Okay, and when was Maui formed?

11 MR. SCOTT: The initial form is a LLC was December
12 of 2017. We opened for business in January of 2018.

13 MS. BARCOMB: Okay, was Maui formed in Hawaii or
14 in Texas?

15 MR. SCOTT: We did it from Texas in Hawaii. We
16 filed on one of Hawaii's websites so it was filed in Hawaii.

17 MS. BARCOMB: Okay, so it's a Hawaii --

18 MR. SCOTT: It's a Hawaii LLC.

19 MS. BARCOMB: Perfect. Okay. And did you-all
20 provide a certificate of good standing to the US Trustee
21 regarding that entity?

22 MR. SCOTT: I believe we did.

23 Reese, did we, correct?

24 MR. BAKER: I think we did. We have one. I
25 thought we had sent it to you. If not, we can send it to

1 you.

2 MS. BARCOMB: Just confirm that. Hold on.

3 Yeah, Reese, if you wouldn't mind just sending
4 that again. I don't see it in the file. So that would be
5 helpful to have.

6 MR. BAKER: Sure, I'll do that.

7 MS. BARCOMB: Thank you.

8 All right. Mr. Scott, are all of yours and
9 Mrs. Scott's assets insured?

10 MR. SCOTT: We don't personally have any insurable
11 -- the vehicles that we have are insured under the company
12 policy, that's correct. Other than that, we don't have any
13 insurable assets.

14 MS. BARCOMB: Okay, so the vehicles that you and
15 Ms. Scott drive here in Texas, are those insured?

16 MR. SCOTT: They're insured, yes, ma'am.

17 MS. BARCOMB: Okay. And then are the vehicles of
18 the company also insured?

19 MR. SCOTT: They are, yes, ma'am.

20 MS. BARCOMB: Okay. And have you added the US
21 Trustee as a party of notice to those insurance
22 certificates?

23 MR. SCOTT: We have, yes, ma'am.

24 MS. BARCOMB: Okay. Reese, I don't know if you've
25 had an opportunity to send that over as well, but I'm not

1 seeing it in the file.

2 MR. BAKER: Okay, I thought we sent that over.
3 I'll send that to you.

4 MS. BARCOMB: I appreciate it, thank you.

5 Okay, and if I recall correctly, Mr. Scott, the
6 Debtors were attempting to establish a Debtor-In-Possession
7 bank account at -- was it Chase Bank; is that correct?

8 MR. SCOTT: We tried Chase Bank, we've tried
9 Capital One, we've tried Wells Fargo and none of them can
10 figure out how to open it correctly because they cannot put
11 the EIN in there.

12 MS. BARCOMB: Okay, is that for your personal
13 account or for the account of the company?

14 MR. SCOTT: For the personal account. For the
15 company account, we have all kind of direct deposits, direct
16 stuff from our website and all that stuff. I think that we
17 had talked about not putting a DIP on that one.

18 MS. BARCOMB: Okay, so the US Trustee's position
19 is that all pre-petition bank accounts must be converted
20 into Debtor-in-Possession accounts. If I recall correctly,
21 from the motion filed by your counsel, the issue was whether
22 or not you-all would be able to use debit cards, which --

23 MR. SCOTT: That was for our personal, yes, ma'am.

24 MS. BARCOMB: Okay. I believe the motion also
25 referenced a debit card for Maui Lifted Jeep Rentals. So we

1 will request that pre-petition bank accounts be closed and
2 that Debtor-in-Possession bank accounts be established.

3 I understand that if there is an issue with that,
4 we can definitely revisit it.

5 MR. SCOTT: Okay.

6 MS. BARCOMB: But just be aware of the US
7 Trustee's position on that.

8 MR. SCOTT: Thank you.

9 MR. BAKER: Okay, we're going to go on and file a
10 motion to allow them to continue to use their bank accounts
11 because none of the banks you-all are recommending will
12 comply or help out. They've basically told them they won't
13 do it.

14 MS. BARCOMB: Okay, thank you.

15 MR. BAKER: I don't --

16 MR. SCOTT: Okay.

17 MS. BARCOMB: So is the Bank of Hawaii account for
18 Maui Lifted Jeep Rentals still an open and active account?

19 MR. SCOTT: It is still open, yes, ma'am.

20 MS. BARCOMB: And where is your personal bank
21 account?

22 MR. SCOTT: My personal one is Capital One. My
23 wife's personal one is Chase.

24 MS. BARCOMB: Okay.

25 MR. SCOTT: I've basically shut down mine. I can

1 shut down mine and use my wife if that makes a difference,
2 but it don't matter to us really. Just consolidating.

3 MS. BARCOMB: So, the US Trustee's position is
4 that there is one Debtor-in-Possession bank account. But
5 I'll let you discuss that with your counsel.

6 MR. SCOTT: Fair enough.

7 MS. BARCOMB: So I do see the Bank of Hawaii
8 account on here under your personal bankruptcy ending in
9 8245. Do you still have that account open?

10 MR. SCOTT: I believe that is the number to our
11 business account. That sounds correct.

12 MS. BARCOMB: So the business account has the last
13 four of 4325. Did you have two accounts with Bank of
14 Hawaii?

15 MR. SCOTT: 4325 is the business account. That's
16 a correct. Was there a different account that you just gave
17 me? I'm sorry.

18 MS. BARCOMB: Yes, 8245 is listed on the personal
19 Schedules.

20 MR. SCOTT: Okay, so that was my personal account.
21 That one is closed. That was my personal one in Hawaii. We
22 did close that one.

23 MS. BARCOMB: Okay. And where did you transfer
24 those funds?

25 MR. SCOTT: Capital One. Well, there was no funds

1 in there to transfer.

2 MS. BARCOMB: Okay. So I do see the Capital One
3 account on here. And I believe you said your wife also has
4 a Chase account; is that correct?

5 MR. SCOTT: That's correct.

6 MS. BARCOMB: Okay. So the Chase account is not
7 listed in your Schedules. Is there any reason for that?

8 MR. SCOTT: No. I kind of thought that we did,
9 but maybe we didn't. Apparently (indiscernible) now, but if
10 you're saying it's not there, I want to take your word for
11 it because you know where it is. It's oversight at best. I
12 apologize. I really thought we did that.

13 MRS. SCOTT: Do I need to give you that
14 information now or do we need to update something?

15 MS. BARCOMB: We would request a formal amendment
16 to this Schedules to add that account. But I am going to
17 ask you some questions about the Chase account. Just, what
18 is the balance of that account?

19 MRS. SCOTT: If you will give me one second. It's
20 about \$900.

21 MS. BARCOMB: Okay, and approximation is fine.

22 MRS. SCOTT: Okay.

23 MR. SCOTT: So originally we filed the Schedules,
24 I filed first. I think I just put my two banks on there.
25 And whenever we added Tammi, I think I didn't get that added

1 to it.

2 MS. BARCOMB: Okay.

3 MRS. SCOTT: Okay, the account is \$875.25.

4 MS. BARCOMB: Okay, that's the current balance?

5 MRS. SCOTT: That is correct.

6 MS. BARCOMB: Okay, thank you.

7 Okay, Mr. Scott, how many Jeeps are used by Maui
8 in its business?

9 MR. SCOTT: I'm sorry, how's that question worded
10 again?

11 MS. BARCOMB: How many Jeeps are used by Maui in
12 its business?

13 MR. SCOTT: Used by Maui, 15.

14 MS. BARCOMB: Okay. Are all 15 of those Jeeps
15 titled in your name?

16 MR. SCOTT: No, ma'am.

17 MS. BARCOMB: Okay, how many are in your name?

18 MR. SCOTT: Ten are in my name and Tammi's name.
19 And five are in Tammi's name and the company's name.

20 MS. BARCOMB: Okay.

21 MR. BAKER: Alicia, those are specifically listed
22 on each of the individual filings, along with -- and they
23 all each tie to the lenders.

24 MS. BARCOMB: Okay, great. Thank you.

25 Do either you individually or does the business

1 own any real property?

2 MR. SCOTT: No, ma'am.

3 MRS. SCOTT: No.

4 MS. BARCOMB: Okay. On the business's Schedules,
5 I do see a priority tax claim to the Internal Revenue
6 Service with an amount listed as unknown. What does that
7 relate to?

8 MR. SCOTT: We have -- on the business's tax memo?

9 MS. BARCOMB: Correct.

10 MR. SCOTT: The business is up-to-date on the
11 taxes. I don't think we have any unknown taxes due at this
12 point.

13 MS. BARCOMB: Okay.

14 MR. SCOTT: All of our federal taxes are paid up.
15 I don't believe there's any other business tax debt.

16 MS. BARCOMB: Okay. What about personally? Do
17 you have any personal IRS --

18 MR. SCOTT: Personally, yes, ma'am we had a --
19 personally, yes, ma'am, we had an audit a couple years ago.
20 We still owe some money on. I don't remember that exact
21 amount. It might be on my file.

22 Is it not on my file or on our personal files?

23 MS. BARCOMB: I'm just asking of what your
24 knowledge is of that personal tax debt.

25 MR. SCOTT: Oh, I apologize. I think it's

1 somewhere in the neighborhood of 20,000 -- 15 to 20,000,
2 somewhere in that range.

3 MS. BARCOMB: Okay. And was that for failure to
4 report income or what resulted in that?

5 MR. SCOTT: I guess you can call it that. I had a
6 misunderstanding on our -- we did a 401k early withdraw to
7 buy our house and I thought that I read that that was exempt
8 and we did not include it in our taxes. So there was a -- I
9 don't know it was \$40-50,000 that we took out that we had to
10 pay taxes on and that changed our tax brackets and
11 everything and made a big mess.

12 MS. BARCOMB: Okay.

13 MR. SCOTT: I no longer do our taxes. The
14 accountant does.

15 MS. BARCOMB: Did you say that you took an early
16 401k withdrawal to buy a house; is that correct?

17 MR. SCOTT: That's correct, yes, ma'am.

18 MS. BARCOMB: Okay, when was that?

19 MR. SCOTT: Oh, boy, seven years ago.

20 MRS. SCOTT: Seven to eight years ago, yeah.

21 MS. BARCOMB: Okay, so did you purchase the house
22 about seven years ago?

23 MR. SCOTT: Yes, ma'am.

24 MS. BARCOMB: Okay, and when did you sell that
25 house?

1 MR. SCOTT: Six to seven. We sold it right before
2 we went to Maui. So we sold it three years ago.

3 MS. BARCOMB: Okay. So the vehicles that you and
4 Mrs. Scott drive here in Texas, what vehicles are those?

5 MR. SCOTT: So my wife has a 2017 GMC Arcadia.
6 It's financed by the company and her through TD Auto
7 Finance. My personal truck is still in Hawaii. I have not
8 gotten permission to ship it back yet from First Hawaiian
9 Bank so it's still sitting there. I don't have a vehicle
10 here personally yet.

11 MS. BARCOMB: Okay. Do you-all intend to exempt
12 those vehicles?

13 MR. SCOTT: It was originally our intention, but
14 I'm just not 100 percent sure at this point. If that's
15 okay. I'm not sure if that's okay or not.

16 MS. BARCOMB: I think -- did you say your wife had
17 a 2019 GMC Arcadia; is that right?

18 MR. SCOTT: 2017.

19 MS. BARCOMB: 2017 Arcadia?

20 MR. SCOTT: Yes.

21 MS. BARCOMB: Okay, and what truck do you drive,
22 Mr. Scott?

23 MR. SCOTT: Mine is a 2018 Chevrolet Silverado.
24 And these are on the Schedules as well. And it's financed
25 with Personal Land Bank.

1 MRS. SCOTT: But that one is still on Maui. It's
2 not here --

3 MS. BARCOMB: I understand.

4 MRS. SCOTT: -- in Texas

5 MS. BARCOMB: Okay. Are there any other
6 professionals that will be hired in this case?

7 MR. BAKER: Yes, we'll probably be filing in a day
8 an application to hire Robert Norris (phonetic). He's an
9 accountant.

10 MS. BARCOMB: Okay. Are there any other motions
11 that I need to be made aware of in this case?

12 MR. BAKER: We'll probably file a motion on the
13 bank accounts. Other than that, I'm not aware of any. I
14 don't think that there are any cash collateral issues
15 because I've looked through with Mr. Scott all the loan
16 documents for the Jeeps and there's -- and as far as we can
17 tell there's nothing in there that gives any liens or any
18 interest at all on the rental proceeds from the Jeeps.

19 MS. BARCOMB: Okay.

20 MR. BAKER: Nor anything else that has any (glitch
21 in the audio).

22 MS. BARCOMB: Okay. Mr. Scott, do you understand
23 the requirement to file Monthly Operating Reports for both
24 cases?

25 MR. SCOTT: I do, yes, ma'am.

1 MS. BARCOMB: Okay, who will be preparing those
2 reports?

3 MR. SCOTT: Bob Norris.

4 MS. BARCOMB: Okay. And Mr. Scott, do you
5 understand that the Subchapter Five Trustee's fees will be
6 paid from the Debtors' estates?

7 MR. SCOTT: Yes, ma'am.

8 MS. BARCOMB: Okay. All right. I think that's
9 all the questions I have now. I'll reserve any questions if
10 I have any follow-up from others.

11 So what I'll do now is I'll just go through the
12 list to see if anybody has any questions for the Debtors.

13 Ms. Macanelli (phonetic), do you have any
14 questions?

15 MS. MACANELLI: Yes, I have one.

16 MS. BARCOMB: Okay, go ahead.

17 MS. MACANELLI: Where -- have you-all changed the
18 car titles or are they as they were originally registered
19 when they were purchased?

20 MR. SCOTT: Same as original registration when
21 they were purchased.

22 MS. MACANELLI: So they're registered to Texas --
23 to TEDCU the vehicles that are financed through TEDCU, are
24 those still registered in Texas?

25 MR. SCOTT: I'm sorry. No, I apologize. They're

1 registered in Hawaii, but they're still registered under the
2 same name of the same way they were titled, but they are
3 registered in Hawaii now. They are in Hawaii.

4 MS. MACANELLI: Can you clarify that?

5 MR. SCOTT: Yes, I'm sorry. They're registered in
6 the same exact names they were before, but they are
7 registered now in Hawaii. The Jeeps are in Hawaii. They
8 are registered in Hawaii.

9 MS. MACANELLI: So you've retitled the vehicles in
10 Hawaii?

11 MR. SCOTT: No, ma'am. We haven't titled
12 anything. You have the title. We have changed the
13 registration to Hawaii. They are still titled the exact
14 same way they were when we purchase them.

15 MS. MACANELLI: Okay. That's the only question I
16 have.

17 MS. BARCOMB: Okay, thank you.

18 Ms. Byman, do you have any questions for the
19 Debtors?

20 THE TRUSTEE: I do have a couple.

21 MS. BARCOMB: Okay.

22 THE TRUSTEE: Mr. and Mrs. Scott, have you
23 received any notifications from any creditors regarding a
24 motion to lift stay or a request for surrender of the
25 vehicle despite the bankruptcy?

1 MR. SCOTT: We have gotten a couple surrender
2 letters, but they -- when I call them, they won't take my
3 information for the case and everything, one of them. But
4 they have quit calling, so maybe they finally took the
5 information. But we did have a couple.

6 THE TRUSTEE: Okay. And with respect to the shut
7 down of Maui and really no tourism, did you-all apply for
8 and/or receive any PPP or other pandemic relief?

9 MR. SCOTT: We did. Both the EID and the PPP.
10 And we've included those as insufficient.

11 THE TRUSTEE: And would you seek forgiveness of
12 either?

13 MR. SCOTT: Did we seek -- we did not. We didn't
14 have any payroll for that period, so we could not.

15 THE TRUSTEE: Okay, so the payroll started
16 post-petition?

17 MR. SCOTT: Correct. Almost right after.
18 Correct.

19 THE TRUSTEE: Okay. I think you kind of answered
20 this before, but I just want to kind of explore them.
21 (indiscernible) bankruptcy in terms of complaining, I don't
22 want you to tell me what you talked to your lawyer about.

23 But I am curious why you wanted to try the
24 reorganization instead of surrendering the cars based on,
25 you know, the debt being more than they're worth and just

1 starting over when Maui was back up and running.

2 MR. SCOTT: Surrendering the cars would have left
3 us without business. The cars are the business, the Jeeps.

4 THE TRUSTEE: Okay. And right now, I mean, how is
5 business looking on a day-to-day basis? Are you having
6 customers each day, several a day?

7 MR. SCOTT: We are mostly -- so we only have 15
8 Jeeps. And most people come and rent them for a week at a
9 time. So we only have a capacity to do a couple a day. But
10 yeah, we're probably about I would say right now currently
11 probably 70-80 percent booked up, which is pretty well for
12 right now.

13 THE TRUSTEE: Yeah, that's very good. Okay, and
14 then how far out --

15 MR. SCOTT: We had to go through a crisis to get
16 to that level, but we obtain some pretty decent revenue.

17 THE TRUSTEE: Okay. And what does it look like in
18 terms of how far out are you booked up?

19 MR. SCOTT: Through the end of the year we're
20 pretty booked right now. I would say over 70 percent, 60 to
21 70 percent through the end of the year.

22 The holidays in Hawaii are the major, major
23 tourism dates.

24 THE TRUSTEE: Okay. Are there efforts -- I mean,
25 are there any leased vehicles that you think would be better

1 suited to sell and just purchase something new or do you
2 think all are worth keeping to reorganize the business?

3 MR. SCOTT: I think they're definitely all worth
4 keeping. They're also 18 or newer with less than 40,000
5 miles, so they're all worth keeping.

6 THE TRUSTEE: Okay. You said less than 40,000?

7 MR. SCOTT: All of them, yes, ma'am.

8 THE TRUSTEE: Okay. I mean, as we talked about at
9 the initial Debtor interview, I mean, my role essentially is
10 to kind of assist at this point in ways that I can. I'm
11 trying to help you-all with a consensual plan.

12 Do you anticipate any delay in getting your plan
13 filed by the required date?

14 MR. SCOTT: The only thing that would mess up our
15 plan or anything going forward is Hawaii shutting down.
16 That would obviously, you know, throw a wrench in it for us.
17 But so long as they don't shut down again, you know, we've
18 got vaccines coming and treatments coming, so. So long as
19 they don't shut down again, I see us doing just fine.

20 If they do, you know, that's something -- that's
21 the scary part that we just don't know. That the world just
22 don't know. It's what the heck is going to happen next
23 week, next month, next year. We're very optimistic.

24 THE TRUSTEE: Sure. In terms of plan filing, I
25 know at the status conference you-all talked about probably

1 filing your two personal -- the personal, individual cases,
2 one plan and combining that with the business plan. Is that
3 still the strategy you-all are looking at? So it would be
4 one plan of reorganization?

5 MR. SCOTT: I think one total plan. I'll refer to
6 Reese, as well, but I think we can put everything together
7 in one plan that'd be great for the business and personal
8 because it's all -- it's all the same, you know, title stuff
9 for us.

10 THE TRUSTEE: On your individual case, the rental
11 where you were living in Hawaii, is there money still owed
12 on that or were you able to break the lease with no damages?

13 MR. SCOTT: No, ma'am, we were able to break the
14 lease with no damages. The lady that was there before us
15 wanted to come back, so it worked out perfect for us.

16 THE TRUSTEE: Oh, very good. Okay.

17 Okay, those are all my questions.

18 MS. BARCOMB: Thank you.

19 I did have some follow up questions that I want to
20 ask.

21 Mr. Scott, I see on your statement of income in
22 the personal case, that both you and Mrs. Scott are -- have
23 a salary of 2,500 each. Is that coming from the business,
24 the Maui business?

25 MR. SCOTT: It is, yes, ma'am.

1 MS. BARCOMB: Okay, when did you-all start
2 receiving those salaries?

3 MRS. SCOTT: First, October 31st.

4 MR. SCOTT: Was the first paycheck we received was
5 on the 31st. Then it was for a partial payment. It was
6 like a one week paycheck.

7 MRS. SCOTT: One week, yeah.

8 MS. BARCOMB: The 31st, October 31st of this year?

9 MR. SCOTT: Yes, ma'am. Sorry, October 31st this
10 year.

11 MS. BARCOMB: Okay, so just recently started
12 receiving that salary, correct?

13 MRS. SCOTT: Yes.

14 MR. SCOTT: That's correct. Just as soon as the
15 island opened back up, we (indiscernible) you know, have
16 income. We went back to work.

17 MS. BARCOMB: Okay, so I understand that the
18 business was formed in December 2017, went operational, I
19 think you said, January of 2018; is that correct?

20 MR. SCOTT: Yes, ma'am.

21 MS. BARCOMB: Okay, so thinking about let's say
22 2019, did either you or Mrs. Scott receive any income from
23 the business?

24 MR. SCOTT: We did. We're an S-corp and we filed
25 our S-corp late so we didn't actually have W-2 paychecks.

1 But our -- oh, my goodness, what's the official word for
2 that? The owner's discretionary income was over \$200,000.

3 MS. BARCOMB: Okay.

4 MR. SCOTT: Plus I think we had 37,000 in income
5 that we reported through the taxes.

6 MS. BARCOMB: All right. And do you know when you
7 stopped receiving income from the business?

8 MR. SCOTT: Somewhere around March-April. Right
9 in the -- you know, right about the time we ran out of
10 money. Honestly I guess maybe May, somewhere in there.

11 MRS. SCOTT: Oh, stopped receiving income for
12 ourselves.

13 MS. BARCOMB: Correct.

14 MR. SCOTT: You're talking about personally?

15 MS. BARCOMB: Yes, personally.

16 MRS. SCOTT: Yeah, that was correct.

17 MR. SCOTT: So somewhere around that -- by May-ish
18 I would say at the latest. It could have been before that
19 for sure.

20 MRS. SCOTT: I think it was more like the end of
21 March, very beginning of April because income just stopped.
22 You know, tourism stopped. Nobody was renting Jeeps.
23 People were canceling their reservations and wanting their
24 money back.

25 MR. SCOTT: I'm saying second quarter, second

1 quarter this year.

2 MS. BARCOMB: Okay. So is there any reason in the
3 business bankruptcy why those distributions or I think you
4 call it discretionary income to both you and your wife are
5 not listed in the Statement of Financial Affairs?

6 MR. SCOTT: I didn't know that it needed to be
7 possibly. It was before -- I think, wasn't there like a six
8 period we had to put out or something like that?

9 MS. BARCOMB: So one of the questions refers to a
10 90-day period. Which I believe -- your operations were shut
11 down for the 90 days prior to filing.

12 But there is a period of one year before the
13 filing that for payments made that benefit an insider. And
14 I'm curious why that income wasn't listed as a payment that
15 benefited an insider.

16 MR. SCOTT: I may have missed -- not noticed --
17 now that's 200,000 wasn't made in this year. It was made
18 all throughout last year. But I would have to double look.
19 I'm sorry I might have overlooked something. I didn't do
20 anything on purpose for sure. But I may have misunderstood
21 or overlooked something.

22 MS. BARCOMB: Okay. Mr. Baker, would you please
23 look into that a little further and amend the SOFA, if
24 necessary?

25 MR. BAKER: Yes, we'll do that.

1 MS. BARCOMB: Thank you.

2 The other thing that I wanted to follow up on that
3 Ms. Byman asked about was the loans received as a result of
4 the pandemic.

5 I see here that the US Small Business
6 Administration is listed for \$150,000 as an EID loan. I
7 believe you also testified that you received a PPP loan.

8 MR. SCOTT: Correct.

9 MS. BARCOMB: Did you list the PPP loan in here?
10 Is it just under a different name? Oh, I see it now. Never
11 mind don't answer that.

12 MR. SCOTT: Bank of Hawaii, number one, yes.

13 MS. BARCOMB: Yeah, I see that. Sorry. Okay.

14 MR. SCOTT: Bank of Hawaii originated it for the
15 SBA, so.

16 MS. BARCOMB: Perfect. Thank you.

17 All right and last question that I have is why is
18 there no gross revenue listed for the calendar year of 2018?

19 MR. SCOTT: There probably should be. We were in
20 business. We made 300-and-some-thousand or we took in
21 300-and-some-thousand that year.

22 MS. BARCOMB: Okay. I'll just note that as a
23 necessary amendment then to the Statement of Financial
24 Affairs, as well.

25 Okay. All right, I think that's all the follow up

1 questions that I have. Just to allow everybody an
2 opportunity to ask any other follow up questions.

3 Ms. Macanelli, do you have any other questions?

4 MS. MACANELLI: No, I'm fine, thank you.

5 MS. BARCOMB: Thank you.

6 Ms. Byman, did you have any other questions?

7 THE TRUSTEE: I do. I just have one.

8 Regarding the business cases, you just talked
9 about some plans of payment kind of setting in and tourism
10 was shutting down. Clients were asking for refunds. Were
11 you able to refund all business or all of those requests or
12 are there still some creditors that could not receive a
13 refund?

14 MR. SCOTT: To my knowledge, everybody has been
15 refunded that asked for one at this point. We had some
16 refunds, we had some credit card disputes. We let all the
17 credit card disputes go through. We didn't dispute any of
18 them. We really honestly couldn't dispute any of them.

19 So I believe everybody has been paid back.

20 THE TRUSTEE: Okay, thank you.

21 MS. BARCOMB: Okay, Mr. Baker, is there anything
22 else that you wanted to put on the Record today?

23 MR. BAKER: I have forwarded to you the
24 certificate with standing for Maui and also all the
25 insurance information with the US Trustee on it.

1 MS. BARCOMB: Excellent. Thank you very much.

2 MR. BAKER: But other than that --

3 MS. BARCOMB: I see that now. Thank you.

4 All right. If there's nothing else to put on the
5 Record here today, I will conclude this 341 meeting. All
6 parties are excused and have a Happy Thanksgiving.

7 (Meeting adjourned at 11:53 a.m.)

8 * * * * *

9 I certify that the foregoing is a correct
10 transcript to the best of my ability due to the condition of
11 the electronic sound recording of the ZOOM/telephonic
12 proceedings in the above-entitled matter.

13 /S/ MARY D. HENRY

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17 JTT TRANSCRIPT #63405
18 DATE: FEBRUARY 7, 2021

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